

Economic Services Division

Committee on China

Minutes of the Forty-First Meeting--1400 hours, 19 July 1955)

present: Messrs. [redacted] 25X1A9A

absent: Messrs. Peaslee, State Dept., [redacted] 25X1X7
25X1A9A [redacted]

The Committee heard a discussion of the agricultural situation in Communist China by Mr. Alexander L. Peaslee of the State Department. He reported on his impressions of China's ability to meet planned goals, based on several years experience in China and as agricultural reporting officer in the American Consulate General in Hong Kong until May 1955.

Mr. Peaslee admitted that Hong Kong estimates of Chinese production in agriculture (and other fields) may have erred on the low side in the past, but he maintained that the Communist figures err even more on the high side. He does not feel that agricultural goals will be met and does not accept the Communist statement that grain production in 1954 exceeded that of 1952 by 3.4%. He feels, on the contrary, that production declined in both 1953 and 1954, and that far from being able to increase grain production by 17% during the five-year plan, they probably will do no more than equal 1952 production in 1957. This judgment is based primarily on China's limited planned investment in fertilizer, and also on the meager returns that can be expected from opening up new lands and the lack of incentive for farmers to produce more under the Communist system, particularly those who are under some form of agricultural cooperative.

Failure to meet planned agricultural goals will adversely affect fulfillment of other plans, since agriculture is a prime source of investment capital. In order to maintain this source as much as possible, it appears probable that an additional squeeze will be placed on the peasants. In addition some investment plans may have to be revised downwards.

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